

## **British Meat Processors Association(ABR0041)**

The core purpose of the BMPA is to represent and promote a sustainable, competitive and professional meat processing and manufacturing industry across the UK. We represent businesses big and small, from smaller progressive abattoir businesses supplying local customers to large consumer brand owners. Our members supply branded and retailer own-label meat and meat products across a range of different meat species and foods.

This paper covers the value and volumes of trade, examines the threats and opportunities around Brexit in terms of tariffs and trade, export certification, regulation and makes some recommendations that BMPA consider should be prioritized.

In particular the paper highlights the important role that migrant labour fills in the meat supply chain and looks at the potential impact to trade should the status quo substantially change.

### **1. The Volume and Value of Trade to and from the EU within the Red Meat Sector**

(source AHDB)

The ability to trade overseas is crucial to the viability of the UK meat industry. The income received for the cuts of meat eaten by UK consumers does not come close to covering the cost of buying the animal and processing it. The need to find an outlet for the parts of the animal we do not eat and for which there is, therefore, no market in the UK – known as achieving carcass balance – and the offals and animal by-products is crucial. The Chinese, in particular, are great consumers of things like pig trotters, pig stomachs, etc. things that for some reason are not eaten by the British. So, although it might seem bizarre that we often export almost as much meat as we import, the figures do not show the whole story. Exports and imports are about getting value for whole carcass, cultural eating habits, the Germans, for example, are keen on sow meat, for which there is no market in the UK, and cow meat (predominately dairy cows), which again has little outlet in the UK, the cost of production, which varies according to the season, the price of feed, and the value of sterling.

#### **a) Beef and Veal**

Beef and veal exports only resumed in 2006 following the BSE-related ban and remain well below imports. Domestic demand is particularly strong for

hindquarter cuts. Therefore, although there are some shipments of premium beef, most exports are either of products for processing overseas or of products with a higher value overseas than in the UK. The latter category includes items for which there is no or minimal demand on the domestic market, such as offal.

In recent years, beef and veal exports have been around 100,000 tonnes, equating to 15–17 per cent of production. Over time, there has been a move away from exporting carcasses towards cuts (and particularly boneless cuts), where the value added in processing is retained on the domestic market. Bovine offal exports have rocketed over the past few years, in part on the back of improved market access outside the EU. Offal exports in 2015 amounted to 48,000 tonnes, more than double 2009's level and up by nearly half since 2013.

The value of UK beef and veal exports in 2015 was £342 million. This was the lowest figure since 2010, as the weak euro hit both the volume and price of exports. On top of this, exports of bovine offal were worth £61 million.

In 2015, over 90% of UK beef exports went to other EU countries. Ireland and the Netherlands are the most significant destinations, accounting for 55–65 per cent of all trade. This is partly because the UK lost much of its capacity to process cow carcasses during the BSE years and has been trying to regain it. Carcasses are exported and the meat returned after further processing, the so-called 'carousel effect'. It is thought that much of the other beef entering the Netherlands ends up elsewhere (e.g. France), sometimes after further processing.

The UK currently imports around 35 per cent of the beef and veal it consumes or around 250,000 tonnes annually. Imports have been fairly stable recently, although increasing somewhat in the last two years, partly due to the weak euro. The dominant supplier has always been Ireland, with a market share of almost 70 per cent. No other country accounts for more than eight per cent of UK imports. The EU supplies over 90 per cent of imports, with no single non-EU country supplying more than three per cent of the total.

Around three-quarters of imports are fresh/chilled beef, mostly boneless cuts, which achieve higher prices because little or no further processing is required and transport costs are lower. Carcasses account for less than a fifth of fresh/chilled imports. As outlined above, some imports will be of UK beef

(mainly cow beef) returning, following processing in Ireland or the Netherlands.

The remaining 25 per cent of imports are frozen consignments, also dominated by boneless cuts.

## **b) Pig meat**

Pork exports have been steadily increasing over recent years. Domestic demand is strong for loin and leg cuts, in particular, so exports mainly aim to find better markets for other products, which have a higher value overseas than in the UK. These markets also help to reduce the volume of waste, by taking products for which there is little or no value in the UK, such as offal.

Pork exports have grown by over 50,000 tonnes since 2010, and have increased from 21 per cent to 26 per cent of production, with a further rise expected this year. Offal exports have more than doubled over the same time period, assisted by improved market access outside the EU. Offal exports were almost 59,000 tonnes in 2015 versus 28,000 tonnes in 2010, and these exports in particular are a crucial part of obtaining full value for the carcass.

The value of UK fresh and frozen pork exports in 2015 was £197 million. This was a decline on the previous two years, which highlighted the global pressure on pig prices since late 2014. Much of this pressure was caused by global over-supply, with the Russian import ban exacerbating this. In contrast, the value of offal exports was more than double 2010 values, at over £38 million in 2015.

In 2015, 70 per cent of UK pork exports went to fellow EU Member States. Germany and Ireland were the main destinations for UK pork. Denmark and the Netherlands were also major recipients but much of this pork is thought to be for re-export to third countries, partly reflecting the EU ownership of some UK processors.

Shipments to Germany are predominantly of sow meat; the vast majority of UK sow meat is exported, as there is little domestic demand for products containing it. Exports to China accounted for 15 per cent of all pork shipments in 2015, and have grown significantly throughout 2016. Shipments to the United States grew sharply through 2015 and 2016 and the expansion of this market creates more value, due to the higher-value

cuts involved.

The UK is a net importer of pig meat, currently importing around 60 per cent of all the pork it consumes. The volume of these imports stood at 968,000 tonnes in 2015. Import levels have fluctuated slightly over recent years – since falling back in 2012, they have been increasing steadily year on year. Denmark is the dominant supplier, accounting for over a quarter of all UK pork imports. Together with Germany and the Netherlands, they account for 60 per cent of imports. The EU supplies virtually all the pork imported into the UK, due to the high import tariffs on pork from elsewhere.

On top of this, the UK imports substantial quantities of bacon, gammon, ham, sausages and other processed pig meat products. These are mostly derived from cuts for which domestic demand exceeds supply.

### **c) Sheep meat**

UK sheep meat exports have been recovering since the 2001 outbreak of Foot and Mouth Disease. However, a reduced flock means they remain below levels seen before the outbreak. Exports largely aim to address imbalances in demand for different cuts and the higher supply of sheep meat at certain times of year. Also, additional markets have had to be found to take items for which there is no or minimal demand on the domestic market, including offal and skins.

In recent years, sheep meat exports have fluctuated between 90,000 and 100,000 tonnes, equating to around a third of production. Over time, an increasing proportion of sheep meat has been exported as cuts (and particularly bone-in cuts), where much of the value added in processing is retained on the domestic market. However, carcasses remain the largest proportion of UK sheep meat exports. Ovine offal exports increased sharply between 2005 and 2010, in part on the back of improved market access outside the EU, but have stabilised since then. Offal exports in 2015 amounted to 4,000 tonnes, more than double 2006's level.

The value of UK sheep meat exports in 2015 was £302 million. This was the lowest figure since 2010, as the weak euro had an impact on both the volume and price of exports. However, there are some doubts over the accuracy of the data, with exports believed to be higher than the official data indicate. In addition, exports of ovine offal were worth £6.6 million. Sheep skin exports were worth an additional £60 million, although this was a third less than in 2013 due to declining prices

In 2015, over 95 per cent of UK sheep meat exports went to other EU countries. France is the main destination, accounting for 45–55 per cent of all trade, although this is a lower share than in the past. The second largest market is now Germany, accounting for about ten per cent of trade, a share which has grown recently. **However, uncertainty about the accuracy of export data means trade with all countries may be understated.**

The UK currently imports around a third of the sheep meat it consumes, or around 100,000 tonnes annually. Imports have been fairly stable recently. The dominant supplier has always been New Zealand, with a market share of over 70 per cent. Australia is the second largest supplier, accounting for around 15 per cent. This largely reflects the different seasonality of sheep meat production in the Southern Hemisphere, which helps to ensure supplies are available throughout the year. The EU supplies around 10 per cent of imports.

Over 95 per cent of imports are in the form of cuts, mostly bone-in, which enables them to be targeted at the best value market for that cut (eg the UK for legs). Carcasses account for less than five per cent of imports.

The split between fresh and frozen product is more even, with between 55 per cent and 60 per cent coming in the form of frozen product and the remainder being fresh.

## **2. Tarrifs and Trade**

There is a lot of talk around at the moment about Free Trade Agreements (FTAs), as if they are automatically a good thing. However, there does need to be caution as we do not want the UK flooded with meat from other countries that is either not as well produced as UK meat or simply swamps the market with the concomitant negative impact on British farmers and meat processors.

And the tarrifs mentioned below for importing into the EU will apply to the UK unless a trade deal states otherwise.

### **a) Beef**

Most beef imports into the EU are subject to ad valorem tariffs of 12.8 per cent, plus a fixed amount ranging from €1,414 to €3,041 per tonne, depending on the cut. In most cases, this tariff equates to an addition of 50

per cent or more to the value of imports, which seriously impacts on the ability of imported beef to compete with EU meat. Processed beef products are also subject to import tariffs but most bovine offal can be imported tariff-free.

The main non-tariff barriers limiting access to the EU market are sanitary and phytosanitary (SPS) measures. There is a range of such requirements but perhaps the most significant is the ban on beef from animals treated with growth hormones, a widespread practice in some major exporting countries.

Most other beef importing countries also have tariff and non-tariff barriers in place. For example, China imposes ad valorem tariffs of between 12 per cent and 25 per cent on beef imports.

## **b) Pig meat**

Almost all pig meat imports into the EU, with the exception of offal, are subject to sizeable import tariffs. They range from €172 to €1,494 per tonne, depending on the cut. The high level of tariffs effectively means that most non-EU pork is uncompetitive on the EU market, even though production costs and wholesale prices are lower in other exporting countries such as the United States, Canada and Brazil.

None of the existing EU FTAs is significant for UK pork exports, though both South Korea and Vietnam are potential future markets. However, negotiations have been completed or are underway with all the major pork exporters, Canada, the US and Brazil (part of the Mercosur trade bloc). These may result in these countries gaining increased access to the EU market once agreements have been ratified.

The main non-tariff barriers limiting access to the EU market are sanitary and phytosanitary (SPS) measures. There is a range of such requirements but perhaps the most significant is the widespread use of the EU-banned growth hormone Ractopamine, especially among producers from the United States. This would probably limit imports to a large extent, even if tariffs were removed, although the level of hormone-free production is rising.

The Russian ban on EU pigmeat has had a negative impact on price as global demand has fallen with the expected impact on price.

### **c) Sheep Meat**

Most sheep meat imports to the EU fall within a quota, allowing tariff-free access to the EU market for certain volumes of sheep meat. New Zealand has the largest quota, accounting for approximately 80 per cent of the total but it has not come close to filling its quota to the EU since 2011. The current volume of lamb imports available within the tariff-free quota for New Zealand is 228,254 tonnes, with only 76 per cent of this being used in 2015. In comparison, Australia has a smaller quota of just 19,000 tonnes and, unsurprisingly, comes close to filling it. Of EU Member States, the UK is by far the largest importer from the global market.

Any sheep meat imports outside quota or from countries not covered by it, are subject to ad valorem tariffs of 12.8%, plus a fixed amount ranging from €902 to €3118 per tonne, depending on the cut. In many cases, this would be equivalent to an ad valorem tariff of 50 per cent or more, which seriously impacts on the ability of imported sheep meat to compete with EU meat. This, in reality, makes any sheep meat outside of the quota uncompetitive on the EU market, so virtually all sheep meat is imported through the quota.

Most other sheep meat importing countries also have tariff and non-tariff barriers in place. For example, China, the world's largest importer, imposes ad valorem tariffs of 12–15 per cent on lamb and 23 per cent on mutton imports. However, China has FTAs in place with both New Zealand and Australia, the main suppliers, which mean that tariff rates on their imports are gradually being reduced and will eventually be eliminated.

## **3. Opportunities**

### **a) Market access (Source AHDB)**

As with beef, market access and competitiveness issues have affected sheep meat exports to non-EU markets. Several new markets for sheep meat from the UK have been opened in recent years but UK sheep meat struggles to be price competitive against the major Southern Hemisphere exporters, which dominate global trade. Exports to some of these markets are, therefore, likely to be limited to premium cuts, which can be sold to consumers who are attracted by the UK's pasture-based production systems.

Greater benefits are, therefore, likely to be derived from markets where there is demand for lower-value cuts and offals. These can deliver improved returns to the UK industry, as these cuts have little or no value on the

domestic market. The most obvious example of this is China, already the largest importer of sheep meat and widely expected to increase its imports further.

However, China already has FTAs in place with New Zealand and Australia, so UK product would, initially, be at a disadvantage against them. This could change if the UK Government was able to negotiate its own trade agreement with China. Other Asian and African markets also have potential to take more UK sheep meat offal, depending on how trading relationships develop.

The level of any tariffs or import quotas for sheep meat into the UK will depend on any trade agreement with the EU. The UK might need to decide whether to impose its own tariffs and quotas. If the UK does reduce tariff-free access to its market, it could lead to tighter supplies and provide an opportunity for domestic lamb to replace imports. This would probably lead to higher prices in the short term, particularly as it would take domestic production a while to react. However, UK consumers' preference for legs, in particular, may limit the extent to which domestic lamb could displace imports.

The UK may decide to keep import tariffs on pork at current EU levels and apply these to EU imports, unless a trade deal is struck. It could also decide to apply quotas to allow some imports. These actions could significantly limit the volume of EU pork entering the UK market. In the shorter term, this action would significantly tighten supplies on the domestic market, while domestic production responded to the change in trade flow. With the tightening of supplies, it would be expected that pig price could rise sharply.

However, it is hard to predict how this action would affect the UK market in the longer term. Due to the issue of carcase balance, there would be a large excess of the less popular cuts required if domestic production were to satiate the demand for the more popular parts. This excess product would need to find a market – either at home or abroad. Consumer demand for pig meat could also be affected if customers did not respond favourably to price rises. Depending on the extent of similar issues for other meats, demand may be difficult to stimulate if, and when, supply levels recovered.

Carcase balance, as well as overall demand, may be addressed by increasing trade with non-EU countries, such as China. This may depend on updating existing bilateral trade agreements to reflect the UK's departure from the EU. The UK will be able to prioritise negotiation of FTAs which



could benefit pork exporters and might be able to react quicker to any changes in policy or demand set by importing countries.

The benefits would arise particularly from delivering better values for exports of lower-value cuts and offal. This could improve returns to the UK industry, as these products have little or no value on the domestic market. As well as China, there may be opportunities in emerging markets elsewhere in Asia and Africa, if the right trade deals can be negotiated. Complex FTA-type deals may not be required, if regulatory and trading arrangements can be agreed.

## **b) Regulation**

Whilst it is accepted that for pragmatic reasons a lot of the current regulations will need to be “grandfathered”, we do believe Brexit offers an opportunity for smarter regulation going forward and would like to express the willingness and desire as an industry to work with government to achieve an efficient world class regulatory system fit for purpose.

We believe that the Strategic Review of Official Meat Controls commissioned by the Food Standards Agency and chaired by Stuart Roberts is a good start. The review will take a fundamental look at the controls that need to be in place to protect the consumer and public health. The review is part of the FSA’s Regulating Our Future programme.

If the UK meat industry continues to export in its current, or even greater, volume to the EU, then plants doing so would probably choose to follow the EU regulations throughout their production process to simplify the selection of product to export. And all the currently existing export health certificates that are in place for 3<sup>rd</sup> countries are based on the EU regulatory system. Unless they are completely re-negotiated by the UK Government, we would expect that to remain the case.

**Export Health Certificates (EHC)** – it is impossible to overstate the importance of smooth transition from midnight on Brexit Day One of the export health certificates – those already in existence and any new ones that may be required with the EU. Trade will continue, albeit maybe sluggishly if trade agreements are not in place, **but no meat will be able to exported anywhere from the UK, nor into the UK, if EHCs are not in place.**

**Our trade recommendations are (we thank IMTA for their work on**

**this):**

### **Immediate Priorities**

- Sufficient government resource now to achieve veterinary approval for markets currently closed to UK product.
- Confirmation that non-EU meat plants currently approved to export to the UK will remain approved.
- Revised UK veterinary export certificates in place for all non-EU destinations.
- Government must continue to engage in Brussels to influence legislative changes and policy whilst the UK is still a member of the EU.
- The future of non-UK labour needs to be clarified urgently.
- A contingency plan in the event no agreement has been reached during the two year period.
- A contingency plan if necessary using autonomous quotas to ensure the supply of imported meat is not disrupted.
- Clarification on how 'groupage' of product and multiple pickups and drop-offs will be handled in the event of customs and veterinary checks of EU product.
- Confirmation on how the Northern Ireland-Republic of Ireland border will be dealt with.
- Clarity on the situation relating to import quota performance as this will have significant impacts on importing companies.

### **Pre-Brexit Day 1 Priorities**

- New IT system for export certification.
- Veterinary equivalence to be agreed between the EU and UK.

- Confirmation that the EU will apply a 'regional' approach in the case of an animal disease outbreak in the UK.
- Infrastructure requirements for customs and veterinary border formalities need to be evaluated and plans drawn up to ensure their provision.
- Operational capability to issue and sign export certificates for exports to the EU.
- Veterinary certification for the import of meat and meat products into the UK.

### **Post-Brexit Priorities**

- Priority Free Trade Agreements as listed in paper (see pages 24-26). There must be consultation with industry on potential FTAs.
- Government issued guidance on new trading arrangements and support to businesses
- Establishment of a transparent consultation process with stakeholders post-Brexit

*We have separately produced a paper on Access to Labour post-Brexit, which we have reproduced below. We have done this because the implications of no ready access to migrant labour would have such a profound impact on the UK meat industry.*

## **ACCESS TO LABOUR**

### **Key Statistics**

***Meat processing employs c.75, 000 people***

***c.63% of those people are EU27 nationals***

***Turnover is about 20%***

***Many EU27 nationals in a meat processing job stay for two or more years.***

The British red and white meat processing industry is worth over £7 billion a year to the British economy. It ranges from small owner run abattoirs and cutting plants to large multi-site organisations that have abattoirs, cutting plants and packaging plants and also the secondary processing companies who make meat products such as hams, sausages and bacon. The total workforce is around 75,000.

Of that workforce around 63% are from the EU27 countries (mainly, but not exclusively, central and eastern Europe), though this figure masks the many plants with as many as 70 or even 80% of the workforce coming from the EU. The meat processing sector is not particularly seasonal, so these staff are in the workforce all year round, in directly employed or agency roles. As the industry has been heavily reliant on this source of labour for about 15 years now, a good number of supervisory and junior management roles in plants are also filled by workers from the EU.

Appendix A gives a detailed breakdown of the staff by origin in a cross-section of the BMPA's members.

### **Increased Reliance on Non-UK Nationals**

The proportion of non-UK nationals working in the meat industry has risen significantly in the past fifteen years as the number of people employed in the industry has also risen.

This reflects the increase in demand for much more boneless fresh meat

rather than just carcasses, as can be seen clearly in the chart below. Producing those boneless cuts takes more labour, and more skilled labour at that. It has not been possible to recruit those additional people from the UK. As the need for additional labour has risen substantially, the pool of ready labour has not been available other than in the EU27.

The ability to attract EU27 staff is driving the growth of the sector, allowing the industry to become more efficient, more flexible and more export focused. Migrant workers have not replaced UK workers but added to them.

Many industry members do attempt to recruit locally, but without success. As one member said: "The pure driver for the recruitment of workers from outside of Britain is the lack of availability of applicants from the British workforce – all roles are advertised in the UK and the level of applicants from British applicants would fill less than 10% of new start vacancies. Sourcing existing pre-skilled employees (e.g butchery) from British or EU nationals is successful only from EU nationals and these now represent around 50% of our new start skilled employees, with the balance being made up again by EU Nationals (very low applicants from British nationals) with an investment being made through training to teach the skills of butchery progressing from trainee through to semi-skilled through to skilled butcher."

Another commented: "The substantial majority of EU staff are recruited due to a lack of a local workforce capable (in the case of butchers) or prepared (in the case of packers) to take these positions."

Many meat processors undertake recruitment drives at local job centres or via school career programmes, but with very little success. Of people who say they are interested in working in a plant, few will turn up as agreed, very few will agree to start work and UK nationals failing to complete even a week's work are depressingly familiar. Unfortunately, despite most people being keen to eat meat, few UK nationals are prepared to be involved in its production. The work does not have high social cachet – for reasons of food safety the sites are kept cold, workers wear a significant amount of food and personal safety equipment, the work is physical and it is shift work. So when there is availability in the local workforce we tend to lose out to other industries.

Many meat processing plants operate in areas of low unemployment where there simply isn't the labour resource available. A big multi-site BMPA member needs 1,500 agency workers a day yet many of its plants are in

areas where local unemployment is less than 2%. In many areas there is simply not the workforce available to fill the requirements of meat processors.

Companies are already seeing a shortage of staff as EU nationals respond to the drop in the value of sterling and the uncertainty about their long term future in the UK.

“Since Brexit, the availability of labour has diminished significantly with those leaving our business citing in exit interview specifically that:

- they are taking up work in another European Country (predominantly Germany, Holland, France where there is more certainty on their future and post Brexit European pay rates have improved by a 10% margin (exchange rate changes) or
- they will remain in the UK in an office/manufacturing/delivery driver type role because in a labour market of diminishing availability they are being attracted into work in sectors which would not previously have been open to them. With record employment in the UK combined with migrant workers returning to mainland Europe, other employers are adjusting their recruitment standards and finding success recruiting from the ‘less attractive’ food manufacturing/meat processing sector.”

While as in any unskilled workforce there is a degree of turnover in staff, many migrant workers come for a substantial period of time. Over 75% of workers stay in post for over a year, and turnover is about 20% generally. Increasingly migrant workers are being promoted into supervisory and key worker positions in meat plants and as a result they stay longer than operative level staff.

Most sites use some agency staff, though the proportion varies from site to site, as a means of keeping flexibility in their staffing patterns to allow them to respond to retailer demand, promotion production, etc.

### **Skilled and Unskilled**

Good knife and butchery skills are not an academic subject, but they nevertheless are a skill. About 40% of workers need some level of knife skills. It is important that industry has access to skilled labour and we regret the current view Government view seems to be that ‘skilled workers’ means only those with high level academic qualifications. We would like to

see the definition of 'skilled' to mean an ability that has to be learnt through study and/or practice, something that someone could not walk in off the street and immediately do to the necessary level.

The test for whether someone is permitted entry to a job should be whether that job exists and is not readily being filled by a UK national.

It takes six weeks to train someone up from no knife skills to a level of skill in one cut, but to train someone to full skills where they can work anywhere on the line, which is essential to avoid RSI injuries and to accommodate shift patterns, takes a couple of years, and therefore a degree of commitment from the individual themselves.

### **Mechanisation**

The UK retail market is, almost uniquely, led by the big supermarkets, who define the product much more than happens in other European markets, where the processor has a larger role in defining products. Meat processors in the UK need to be able to adapt quickly and economically to retailers' frequent changing specifications, such as new/different pack sizes, cuts, formats. Add in short promotions of one off products, frequent new product launches and the cost and investment of mechanisation is quickly too risky or has too long a return on investment. Some tasks are simply still beyond the wit of a machine – wrapping small, wet cocktail sausages in bacon to make pigs in blankets is an obvious one.

The slaughter line is not prone to automation because the machines are not dextrous enough to adapt quickly and efficiently to the different shapes and sizes of the animals, particularly in lamb and cattle abattoirs. For example, a trained human eye can understand immediately where to start and start the cut to eviscerate a cow according to the animal's physique. A machine is not so adaptable, and any mistakes could lead to the whole carcass being condemned if the stomach is pierced and the contents spill out. That is an expensive loss to the abattoir.

Using people instead of machines in meat processing plants allows the plants to stay flexible, adaptive and profitable.

## **How to improve attractiveness to UK workers**

Both the red and white meat processing industries are developing trailblazer apprenticeship schemes. It is hoped this will convince more people to make a career out of meat processing.

In such a tight trading environment and following the natural rules of the supply chain, there is no room for processors to absorb an increase in pay levels. Any increase would go up the supply chain and result in more expensive food for the UK consumer and less competitive exports and/or back down the food chain in the form of lower farmgate prices for livestock.

The difference in attitude between UK nationals and workers from eastern and central European countries towards the industry is marked. As noted above, in the UK work in a meat plant has low social cachet, but workers from less developed, less affluent economies do not regard it in the same way, recruiting from there does not have the same problems as trying to find staff in the UK.

Some meat plants have been affected by Amazon warehouses opening up in their vicinity. In the three months before Christmas Amazon were offering unskilled, no standard English requirement staff £10 an hour. The economics of the supply chain mean meat plants simply cannot compete with this. In jobs markets like that, migrant labour who view jobs in the UK as better paid than their local jobs will work in meat plants, local UK nationals will not.

## **Where and how to find staff post-Brexit**

The need is for additional staff, not EU27 staff per se. And as meat processing is not overly seasonal, that need for workers is year round. The ability to respond quickly to market demands (a sudden hot spell) or because staff are generally on short notice periods mean that operators need to be able to respond quickly to fill vacancies, if staff are not available locally then any government scheme that permits entry of other nationals must be flexible, quick, simple and cheap for employers to use.

Government should not get too caught up in how skilled entrants are, if jobs need filling then that should be the principal criteria in permitting it to be filled by a non UK national if there clearly are no local workers willing or able.

In the immediate term we need assurance from Government that EU27 nationals already here and in employment can stay.



## **Recommendations**

### **Short term:**

- We are concerned that any restriction on the movement of people into the UK preventing access to the necessary labour required will negatively impact the industry as the employment of suitable staff is one of the primary issues experienced by most meat processors.
  - We would suggest that as a relatively easy option, Tier 3 of the 5 tier points based system for immigration on non-EU nationals is reinstated. This would allow low skilled workers filling specific temporary labour shortages to come in as a short term solution. It was suspended because of the strong supply of labour coming from the European Economic Area members which didn't require visas to work in the UK.
  - Any future scheme set up to ensure the future supply of migrant labour must encourage full-time workers to come and live in the UK, which is what industry requires, rather than focus purely on short-term seasonal work, as previous schemes have.
- We need reassurance from government that EU workers already in employment can remain in the UK and that they can leave and return as they wish.
- Government needs to ensure that non-UK nationals wanting to work in the UK are not prevented from doing so due to complicated application processes or delays to visa processing, and that 'unskilled workers' i.e. not educated to degree level, on which the meat industry (producers and processors) are dependent are also prioritised.

### **Medium/Long term:**

- Government should commit to holding further discussions on both permanent and seasonal labour for the medium to long term.
- Industry will commit to working with government to source more domestic labour as a potential solution if help can be provided to facilitate access to EU labour in the short term. Willingness and availability of domestic labour is a key issue.
- More should be done to encourage economically inactive and unemployed UK people to work with a fundamental review of the current benefits

system to ensure it makes financial sense for people to work than to remain on benefits.

- Worst case scenario is that we produce less meat and import more, with the negative impact on both the processing industry and also on the UK farming industry.
- For many years, the government has pushed the onus onto the employer to take school leavers and turn them into employable people. However, government should take responsibility and take a role in increasing the employability of students leaving schools, particularly by instilling and assessing certain behaviour such as work ethic, team working, responsibility etc. The Prime Minister may well see the need for an industrial strategy, but any such strategy should start at school, not in the workplace.
- But with close to full employment in the UK, there is not sufficient labour supply from domestic workers. Government needs to ensure that companies can recruit painlessly and speedily from overseas, with no delays caused by complicated application processes or visa approvals.
- Government must not inappropriately define 'skilled workers' or unnecessarily prioritise or permit entry to only skilled workers. Industry does not generally have jobs in place that are superfluous and all jobs and all workers contribute to the success of the UK economy. Short-sightedness now could have significant impact in both the short and the long term.

**6 March 2017**